

Our mission

We support the state's economic well-being by protecting the safety of Washington workers, providing benefits to injured workers and ensuring fair wages and quality industry services.

- We make decisions quickly and hold people accountable when they don't make decisions.
- We work diligently to make sure customers clearly understand the processes we use and the reasons for our decisions.

Customers served in 2007

- > Workers' compensation insurance for 168,000 employers and 2.5 million workers
- > \$1.55 billion in premiums collected
- > \$1.7 billion in benefits paid to injured workers
- > Workplace hazards fixed: 32,189
- > Unpaid wages collected: \$1.9 million
- > Electrical wiring jobs inspected: 282,100
- > Boilers and elevators inspected: 36,400
- > Apprentices registered: 16,271



Washington State Department of
Labor & Industries

2007 Annual Report



2007 Annual Report

For additional copies of the 2007 Annual Report, contact the Labor & Industries office nearest you.

This publication is also available online at
www.Lni.wa.gov/IPUB/101-080-000.pdf

Other formats for persons with disabilities are available on request. Call 1-800-547-8367. TDD users, call 360-902-5797. L&I is an equal opportunity employer.

Providing workers' compensation insurance

Serving

Protecting workplace health and safety

the people

Ensuring that workers receive their wages

and businesses

Issuing electrical permits

of

Registering contractors

Washington

Inspecting elevators

State.

Registering apprentices



2007 highlights

L&I continued its long-term efforts to improve speed and quality of customer service to the citizens of Washington State, provide clear customer communication, and ensure fairness and transparency in its transactions.

This annual report provides you with statistics that show the volume of work L&I completed in Fiscal Year 2007 (July 1, 2006, to June 30, 2007).

Rate holiday

Workers' compensation rates for 2007 were about 2 percent lower than 2006 and L&I also declared a partial rate holiday. This meant that employers and workers did not have to pay the Medical Aid Fund portion of the premium for work performed from July 1 through December 31. The savings represented about 34 percent of total premiums.

Together, the rate decrease and partial rate holiday reduced the premiums employers and workers paid by about \$346 million in 2007. Higher-than-expected investment returns and L&I's success at controlling health-care costs made the rate holiday possible. In addition, employers and workers continue to improve workplace safety.

Rates and benefits

Washington's rates are among the lowest in the nation, according to a nationally recognized study and benefits remain among the highest in the nation, according to several studies. For more information: www.StateFundFinancial.Lni.wa.gov.

Controlling medical inflation

L&I also kept medical cost inflation well below the national average for workers' compensation insurers – 5.2% versus 7.7%.

To help keep medical inflation rates low, L&I has led efforts on use of evidence-based medicine and requiring use of generic drugs when possible through the agency's preferred drug list. L&I is simplifying forms and processes so that the best doctors are willing to treat injured workers.

Workplace safety

Through an extensive program of workplace safety consultations to employers, including ergonomics assistance and risk management consultation, L&I continues to emphasize helping employers keep their workplaces safe.

The agency also has been working to provide other ways to learn about workplace safety. For example, the L&I Web site www.Lni.wa.gov/Safety/Basics/Programs/ includes downloadable tools adaptable to specific work sites, online presentations and literature on hazard prevention.

In addition to consultations, L&I also conducts inspections to make certain employers follow workplace safety and health requirements.

Fraud prevention

L&I has made fraud prevention one of its top priorities. The return on investment in 2007 was \$9.90 for every dollar spent on fraud prevention. L&I collected \$139 million in delinquent premiums, overpayments, penalties and interest. Part of L&I's success came from increasing the connections and communication with other government agencies.

Customer service

We are working to **make it easier to do business with L&I** by providing business owners with information that gives them more confidence that they are following rules and making good

decisions about workplace safety and workers' compensation. Some examples include guidelines in simple, Plain Talk style; brochures for construction contractors; online systems that allow employers to track workers' compensation claims or purchase electrical permits online; and a liaison to provide direct assistance to small businesses.

Looking ahead

L&I is committed to providing even better customer service in 2008. Look for enhanced performance in these areas:

- Operating more efficiently to increase timeliness of service and speed up decision-making.
- Continuing to work to provide stability in workers' compensation premium rates. Rates will rise an average of 3.2% in 2008 to keep pace with inflation and avoid the need for very sharp increases in the years ahead.
- Help injured workers get the medical help they need and return to work as soon as possible.
- Providing more ways for employers and workers to obtain the assistance they need to make their workplaces safe. L&I will implement a new crane safety law in 2008 to certify both crane operators and cranes and inspect all construction cranes. L&I also will oversee a new \$8 million grant program for workplace safety outreach, research, training and other activities.
- L&I has a number of important legislative initiatives that it will be working on in 2008. A new vocational rehabilitation reform effort gives workers more choices. It also increases the available time and money for retraining. The agency also will be taking a look at its workers' compensation pension system and retrospective rating system for possible improvements.

The Department of Labor & Industries in 2007

One of the largest workers’ compensation insurers

Washington’s workers’ compensation system is one of the largest workers’ compensation insurers in the nation.

This no-fault insurance system pays medical expenses and partially replaces lost wages (time loss) for workers who suffer job-related injuries or illnesses.

When a worker is injured, his or her doctor notifies the Department of Labor & Industries (L&I). L&I pays the medical treatment costs for the injury. If the worker is off work more than three days, then L&I also pays the worker to partly offset lost paychecks until he or she can return to work. Pensions also are paid to workers whose injuries or illnesses preclude ever returning to work and to survivors of workers who die from work-related injuries or illnesses.

Funding is mainly from three sources:

- Quarterly premiums paid by employers.
- Payroll deductions from workers.
- Income from investments.

Each employer is charged based on how hazardous their industry is and their own claim record. Washington is the only state where workers pay a significant percentage of premiums, which will be about 27 percent in 2008.

About two-thirds of Washington workers are covered by the state system. The other one-third are workers at federal facilities, and some larger local governments and large employers who are self-insured. L&I regulates self-insured coverage, ensuring that those workers receive the same rights and benefits as workers covered by the State Fund.

Workers’ Compensation at a Glance

Operating Environment	2007	2006
Employers insured	168,000	165,000
Workers covered	2,500,000	2,400,000
Premiums assessed (employers portion)	\$1,259,000,000	\$1,218,000,000
Premiums assessed (workers portion)	\$296,000,000	\$307,371,000
Benefits incurred	\$1,770,168,000	\$1,414,429,000
Number of claims filed	140,308	140,887
New time-loss claims	29,416	29,615
Medical-only claims accepted	96,505	97,964

Most Frequent Injuries*	2007	2006
Traumatic injuries to muscles, tendons, ligaments, joints, etc., of back, including spine, spinal cord (<i>includes sprains, strains, etc.</i>)	15,236	N/A
Open wounds of finger(s), fingernails (<i>includes cuts and lacerations, and amputation of fingertip or finger</i>)	13,186	N/A
Surface wounds and bruises of face (<i>includes splinter or other foreign body in eye, and bruises or contusions of the forehead</i>)	6,261	N/A
Multiple traumatic injuries and disorders of multiple body parts (<i>includes bruises, sprains or fractures affecting more than one body part</i>)	4,456	N/A
Traumatic injuries to muscles, tendons, ligaments, joints, etc., of leg(s) (<i>such as knee or thigh</i>)	4,042	N/A

Note: The data are a snapshot of FY2007 (July 1 - June 30) as of the first week of October. Because of rounding, some columns may not add up to 100%.
**Injury categories are different than those listed in the 2006 Annual Report because L&I has adopted the new national coding system.*

To view the workers’ compensation system publication *2007 Year in Review*: www.LNI.wa.gov/IPUB/200-013-000.pdf

Workplace safety and health goal is protecting workers

L&I works with employers and workers to increase the safety of Washington workplace.

- Safety consultants help employers increase workplace safety by reviewing employee safety and accident prevention program, and identifying workplace hazards.
- Inspectors investigate work-related fatalities, catastrophic accidents and employee-initiated complaints. Inspectors also conduct targeted inspections that focus on industries and employers with high rates of occupational injury or illness.

L&I also offers tools and training that include online safety presentations, a video lending library, online training kits, searchable databases, workshops and other training resources.

Workplace safety consultations: www.SafetyConsultants.Lni.wa.gov or call your nearest L&I office.

Workplace Safety at a Glance

Workplace safety	2007	2006
Workplaces inspected	6,552	7,167
Workplace safety consultations	2,693	3,316
Total hazards addressed	32,189	45,971
Timely correction of hazards	96.1%	95.4%



Protecting worker wages, hours, and more

L&I enforces child labor laws as well as laws that protect workers’ wages, and working conditions. Our agency also oversees apprenticeship programs and administers rules covering prevailing wages on public-works construction projects.

Employment Standards/Apprenticeship at a Glance

Employment standards	2007	2006
Unpaid wages collected for workers	\$1,967,000	\$2,300,000

Apprenticeship	2007	2006
Apprentices signed up for work	16,271	13,693

Protecting the public from unsafe work and economic hardship

L&I technical experts protect the public by inspecting electrical work, boilers, elevators and manufactured homes. The agency also tests and licenses electricians and certifies plumbers. L&I also registers construction contractors, requiring them to be insured and bonded.

Construction Trades at a Glance

Construction trades	2007	2006
Electrical wiring jobs inspected	282,100	297,865
Building contractors registered	59,323	56,000
Boilers checked for safety	21,216	17,680
Elevators inspected for safety	15,184	15,574

Local L&I offices and main phone numbers

Hours 8 a.m. to 5 p.m. weekdays (except state holidays)

Aberdeen.....	360 533-8200	Port Angeles	360-417-2700
Bellevue.....	425-990-1400	Pullman	509-334-5296
Bellingham	360-647-7300	Seattle.....	206-515-2800
Colville.....	509-684-7417	Spokane.....	509-324-2600
E. Wenatchee	509-866-6500	Tacoma	253-596-3800
Everett.....	425-290-1300	Tukwila	206-835-1000
Kennewick.....	509-735-0100	Tumwater.....	360-902-5799
Longview	360-575-6900	Vancouver	360-896-2300
Moses Lake.....	509-764-6900	Yakima.....	509-454-3700
Mount Vernon.....	360-416-3000		

